

West Lindsey District Council

DRAFT - Report to the Governance and Audit Committee

VFM risk assessment for the year ended 31 March
2025

18 September 2025

Introduction

To the Governance and Audit Committee of West Lindsey District Council

We are pleased to have the opportunity to meet with you on 30 September 2025 to discuss our audit of the financial statements of West Lindsey District Council for the year ended 31 March 2025.

This report outlines our risk assessment for our VFM responsibilities.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

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The engagement team

Debra Chamberlain is the engagement director on the audit. She has 20 years of experience in public sector audit.

Debra shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Badar Abbas (Senior Manager) and Lee Churchill with 14 years and 3 years of experience respectively.

Yours sincerely,



Debra Chamberlain

Director - KPMG LLP

18 September 2025

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

We aim to complete all audit work no later than 2 days before audit signing.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Debra Chamberlain (Debra.Chamberlain@KPMG.co.uk), the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler (tim.cutler@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can raise your complaint as per the following process [Complaints](#).

Value for money

Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money

Approach we take to completing our work to form and report our conclusion:



Summary of risk assessment

Summary of risk assessment

As set out in our methodology we have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and internal audit and performed inquiries of management. These procedures are consistent with prior year.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Council for each of the relevant domains:

Domain	Significant risk identified?
Financial sustainability	No significant risks identified
Governance	No significant risks identified
Improving economy, efficiency and effectiveness	No significant risks identified

We have not identified any significant risks that there are not appropriate arrangements in place as part of the procedures we have undertaken. We have provided a summary of the procedures performed and our key findings from these on pages 6 to 15.

We have raised one low priority performance improvement observation relating to Governance. Please refer to page 16 for the details.

We have also followed-up on three performance improvement observations raised in the prior year. These are outlined on pages 17-19.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

Budget setting

The budget setting process involves several key steps:

- **Initial Meeting:** In June, the Business Support Team Leader (BSTL) and Finance Business Partners (FBPs) meet to outline the budget setting timetable, responsibilities, and actions.
- **Review by FBPs:** FBPs review controllable budgets, identify savings or increased income, and prepare working papers before meeting with budget managers.
- **Report Preparation:** Monthly leader panels provide updates, and teams present 'Pressure List' reports to the Management Team (MT). 'Fees and Charges' and 'Draft budget for year 1 and estimated year 2-5' are presented to MT, Prosperous Communities Committee (PCC), and Corporate Policy and Resources Committee (CPRC). 'Review of Reserves', 'Executive Business Plan', and 'Medium Term Financial Plan' (MTFP) are also presented before Council approval.
- **Final Entries:** Final council tax and government settlement grant are added to the MTFP. FBPs and Budget Managers (BMs) conduct a final review before December.
- **Budget Approval:** Budget managers submit the budget to the relevant Director for approval.
- **High Level Summary:** A summary table is produced throughout the process, and updates are provided by the S151 officer. MT, PCC, and CPRC review budgets in October/November, and the full MTFP is presented to Council in March.
- **Assumptions and Pressures:** Assumptions for future budgets are agreed with the S151 officer. Future pressures and savings are identified and added to the MTFP.
- **Challenge and review:** Proposed budgets are reviewed by Budget Managers and Directors, and Fees & Charges are reported independently. The proposed budget undergoes a scrutiny process, being presented to the MT, PCC, and CPRC Committees before receiving final approval at the Council. The budget challenge process involves examination of key budget assumptions and the draft budget in various meetings. Feedback and questions are addressed in the Committees and Full Council meetings, focusing on areas such as levies, fees and government funding.
- The final 2024/25 budget was approved by the Council on 4th of March 2024 as part of 'Executive Business Plan 2024/25 - 2026/27' and 'Medium Term Financial Plan 2024/25 – 2028/29'.

Value for money arrangements

Financial sustainability (Cont.)

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

Budget monitoring

The budget monitoring process is defined in the 'Financial Procedure Rules' within the Council's constitution. The Chief Finance Officer (CFO) provides guidance on the format, frequency, and reporting lines for budget monitoring and presents these reports to the CPRC quarterly. Directors and Assistant Directors must be aware of their budget details and ensure they stay within budget. If a budget variation exceeds £10,000, they must inform the CFO and Management Team immediately, along with proposed corrective actions. The CFO compiles and submits regular budget monitoring reports with recommendations to the Committee.

The quarterly budget monitoring report includes the actual and revised budget forecast for revenue, capital, treasury, and staffing budgets. The executive summary highlights key budget positions and risks. Significant movements (over £10,000) are explained with reference to service departments, indicating the year-end trend (positive, negative, stable).

Commentary is also provided on significant budget items (over £10,000) for each cluster.

As part of the review, the Q4 'Budget and Treasury Monitoring Report 2024/25' was examined. The report highlights the actual and revised budget forecast for revenue, capital, treasury, and staffing budgets. The executive summary highlights key budget positions and risks. Significant movements are explained with reference to service departments, indicating the year-end trend. Commentary is provided on significant budget items. The Council considers the impact of budget variances on the Medium-Term Financial Plan (MTFP) and revises the financial plan as part of the following year's budgeting process.

Consistency between financial and operational plans

The budget setting report is submitted to the MT, Committees, and the Council in conjunction with other pivotal strategies and operational plans for the entity, including the Executive Business Plan (three years), Capital Programme, Treasury Management Strategy, Council Tax Revenue Budget, Fees and Charges, Pay Policy, and Medium-Term Financial Plan (five years).

These documents are developed, challenged, and formally approved simultaneously to ensure that all operational activities of the Council are harmoniously aligned with the financial plans before the commencement of the financial year.

Value for money arrangements

Financial sustainability (Cont.)

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

Assessing and managing financial sustainability risks

The Council has established a risk management framework, with the policy last ratified in September 2019 for the 2019-2023 period. A strategic risk register is maintained, and a strategic risk report is presented quarterly to the Governance and Audit Committee.

A strategic risk has been identified concerning the formulation of a sustainable balanced budget for the fiscal year 2025/26. The strategic risk 'CO1' in the year-end strategic risk report is assessed at a medium risk level, with a score of 8, unchanged from the 2023/24 assessment.

The risk report outlines that the Council is 'treating' the risk through several measures, including the implementation of a Medium Term Financial Plan, a commercial trading and investment programme, annual business planning, and regular budget monitoring. The risk update commentary notes that the 2025/26 budget is balanced primarily due to a one-off surplus in business rates. However, officers are now focusing on addressing potential budget gaps in future years within the Medium Term Financial Plan.

Budget outturn

For 2024/25, the Council's initial budget for net revenue expenditure was £17.3m, later revised to £18m. The Council's actual outturn position was positive at c.£16.2m i.e. an underspend of c.£1.8m if compared with the revised budget. After taking into account carry forwards to future years, the Council's net contribution to reserves for the year amounted to £1.1m, compared to the breakeven position set in the initial budget.

Medium term financial plan (MTFP)

The latest Medium Term Financial Plan agreed on 3 March 2025 by the Council shows funding gaps of nil, £1.2m, £2.9m, £3.5m and £3.5m in the periods 2025/26 to 2029/30 respectively. The Council's projected reserves are anticipated to remain within the range of £20 to £21m, inclusive of a General Fund working balance maintained at £2m throughout the same period.

Value for money arrangements

Financial sustainability (Cont.)

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

Currently, the Council lacks a formal process for identifying and developing savings plans, monitoring the progress of savings initiatives, and taking corrective actions where necessary. Although the Council has a commendable track record of delivering financial plans and maintaining stable reserves, the absence of structured savings plans presents a significant challenge for the future. This concern becomes more pronounced from the fiscal year 2026/27 onwards, as the General Fund reserve will be insufficient to bridge funding gaps. While we do not view this as a critical weakness at present, it is imperative to consider alternative arrangements if funding gaps and spending pressures increase while the General Fund reserve remains static.

We have observed that a similar issue was noted in the previous year. For further details, please refer to Page 17 – Performance Improvement Observations.

Risk assessment conclusion

Based on the risk assessment procedures performed to date we have not identified a significant risk associated with financial sustainability.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment

Risk management

The Council has established a risk management framework, with the policy last ratified in September 2019 for the 2019-23 period. The framework is comprehensive, categorising various business risks based on their impact levels, including Strategic, Operational/Service, Contract, Programme, Fraud, Information-Related, and Partnership Risks. The framework also defines the Council's risk appetite, which refers to the extent of risk the Council is willing to accept in pursuit of its strategic objectives. The Council's overall risk appetite has been assessed as "Creative and Aware," indicating a willingness to take calculated risks to seize opportunities and achieve success.

The framework outlines a process for identifying emerging risks, documenting each risk in the risk register, and assigning an owner for accountability. Risks are evaluated and assigned an inherent risk level score, and existing mitigation actions are reviewed to set a target risk level. The risk response strategy includes approaches such as avoid, tolerate, transfer, treat and terminate.

The Council's risk management strategy also provides guidelines on the risk appetite, indicating the extent to which the Council is prepared to take risks in order to achieve benefits. The Council's overall risk appetite has been assessed as 'Creative and Aware.'

Monitoring and reporting occur at multiple levels. A quarterly strategic risk report is reviewed by the MT and monitored by the Governance & Audit Committee (G&AC). Service risks are managed at the operational level through monthly service team meetings. The Corporate Governance Team oversees the centralised risk management register, ensuring consistent and comprehensive risk management reporting.

Roles and responsibilities for risk management are allocated to respective governance forums based on the type and level of risk. The Council holds ultimate responsibility, while the G&AC monitors the development and operation of risk management and corporate governance, receiving quarterly updates on strategic risks. The Overview and Scrutiny Committee reviews decisions and performance to ensure effective risk management. Additionally, the G&AC has appointed an Independent Member as the 'Member Risk Champion' to link the Committee and the Council, ensuring risk management is integrated into daily activities. This governance structure for risk management is supported by the S151 Officer, Monitoring Officer, Management Team, Senior Leadership Team (SLT), and other senior officers serving as service leads.

Value for money arrangements

Governance (Cont.)

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment

Governance Structure

The governance structure is outlined in the Council's Constitution, ensuring clarity and efficiency. The Council is supported by the Overview and Scrutiny Committee, which aids in making key decisions. For regulatory functions, the Planning Committee, Licensing Regulatory Committee, and Governance & Audit Committee play pivotal roles in maintaining effective governance. Additionally, the Corporate Policy and Resources Committee and the Prosperous Communities Committee oversee the Council's policy functions. These committees collectively embody a robust governance framework.

Anti-fraud controls

The Council has implemented the "Prevention of Financial Crime Policy, Anti-Fraud and Corruption Policy, and an Anti-Bribery Policy." This policy defines various types of fraud and outlines the arrangements in place to prevent, detect, and investigate fraudulent activities. This policy also specifies the actions and responsibilities of different functions in the event of fraud. The policy was last updated in March 2019.

The Chief Finance Officer prepares an Annual Counter Fraud Report, which is presented to the Governance and Audit Committee. The committee members review the findings of the report, and follow-up actions or recommendations are assigned to the Chief Finance Officer for implementation. The Council also receives assurance on anti-fraud controls through the work of internal audit.

Financial Plan 2024/25 and communication of financial risks

For detailed information on the establishment and approval of the 2024-25 financial plan, as well as the communication of financial risks, please refer to pages 6 and 8 respectively. We have confirmed that appropriate arrangements are in place to communicate financial risks.

Compliance with laws and regulations

The Council's Monitoring Officer is assigned the responsibility of ensuring compliance with all relevant legal requirements. According to the Constitution, the Monitoring Officer, in consultation with the S151 Officer, is obligated to report to the Council if they believe that any proposal, decision, or omission would result in unlawfulness or maladministration. Such a report will effectively halt the implementation of the proposal or decision until it has been duly considered. Management inquiries have confirmed that there have been no breaches of legislation or regulatory standards that have led to an investigation by any legal or regulatory body during the year.

Value for money arrangements

Governance (Cont.)

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment

Standards of behaviour

The 'Officer Code of Conduct' outlines the expected standards of behaviour for staff members, encompassing policies on anti-fraud, anti-corruption, and gifts and hospitality. It mandates that staff disclose and register any relationships with contractors or suppliers in the Register of Interest. Additionally, it provides safeguards for staff members against harassment or victimisation, ensures confidentiality, and addresses allegations.

However, our review has identified that the Code of Conduct and other related policies are outdated and have not been subject to recent review. Specifically, the Code of Conduct was last reviewed in 2020, the Disciplinary Rules Guidance in 2017, the Disciplinary Procedure in 2019, and the 'Prevention of Financial Crime Policy, Anti-Fraud and Corruption Policy, and an Anti-Bribery Policy' in 2019, despite these policies being scheduled for review every two years.

The Council maintains a formal Whistleblowing Policy to enable staff to raise concerns regarding conduct that may fall short of the standards set out in the Code of Conduct. This policy is publicly accessible via the Council's website. To support awareness and understanding, the Monitoring Officer delivers regular briefing sessions to Service Line Managers, offering guidance on the appropriate circumstances and procedures for reporting concerns. A revised version of the policy, entitled 'Report a Concern (Whistleblowing) Policy', was formally approved by the Council in July 2025.

Scrutiny of key decisions

Our risk assessment procedures and management inquiries affirm that the Council has established robust arrangements to ensure scrutiny, challenge, and transparency in decision-making. The Council's Contract & Procurement Procedure Rules (CPPR), most recently revised in February 2025, ensures compliance with the Public Contract Regulations 2015 and the Council's own procedural rules as outlined in the Constitution. These rules govern all contractual arrangements made by or on behalf of the Council, including the execution of works, delivery of services and the supply of goods. Further, key decision making is subject to discussion and scrutiny at executive team level and relevant sub-committees such as CPR Committee, followed by formal approval by the Council.

Value for money arrangements

Governance (Cont.)

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment

We would like to highlight that in January 2025, the Local Government Association (LGA) conducted a peer review of the Council and recommended an urgent review and completion of the management structure. They expressed concerns about the potential reduction to three officers by June 2025, which may exclude two statutory roles, and the consequent impact on staff capacity and workloads. The report stated, "It is imperative to promptly appoint the Head of Paid Service even on an interim basis, to ensure operational resilience."

We understand that, following the financial year-end, the Council appointed a Section 151 Officer in May 2025 and a Chief Executive in July 2025, thereby fulfilling the respective statutory responsibilities associated with these roles.

We also note recent developments in the Council's political leadership. At its full meeting held on 8 September 2025, the Council appointed a new Leader and Deputy Leader, following the removal of the previous office holders. These appointments address the vacancies that had arisen and restore leadership within the Council.

We acknowledge the Council's commitment to maintaining a stable and effective leadership and management structure. While our assessment for the 2024/25 VFM has not identified any weaknesses in this area, we note that any further disruption could have a material impact on governance arrangements in 2025/26 and beyond.

Risk assessment conclusion

Based on the risk assessment procedures performed to date we have not identified a significant risk associated with governance.

Additionally, during our review, we have noted that the Code of Conduct and other related policies are outdated and have not been subject to recent review. For further details, please refer to Page 16 – Performance Improvement Observations.

We would also like to reiterate on the observation from the prior year regarding to the robustness of contract exceptions record. For further details, please refer to Page 19 – Performance Improvement Observations.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

Performance of services

The Council has established processes to utilise cost and performance information to enhance service management and delivery, with a focus on achieving value for money. According to the Council's Performance Management Policy, the CPRC oversees the overall performance framework, while the PCC ensures broader visibility and transparency of the Council's performance.

Our review indicates that the forecast outturn position for both revenue and capital budgets is reported quarterly through the governance cycle, presented to the MT and CPRC. Revenue budget reports detail significant variances and provide explanations and mitigating actions. Capital project spending against budget is also reported, with narratives explaining forecast variances, feeding into the Quarterly Budget Monitoring Reports presented to the CPRC.

Additionally, the Change Management team presents a quarterly "Progress & Delivery Report" to both MT and the Committees (PCC and CPRC), measuring service performance against internally set performance indicators, including financial measures. The Q4 24/25 Progress & Delivery Report shows that the Council's performance measures and targets for 2024/25, approved by the CPR Committee, include 54 KPIs across five portfolios. The report indicates that the Council exceeded targets for 41 KPIs, remained within tolerance for 6 KPIs, and assessed 7 KPIs as below target. Performance Improvement Plans (PIPs) are in place for measures that report below target for two or more consecutive periods.

Benchmarking

The Council uses benchmarking data during its annual review of fees and charges for the upcoming financial year, as part of the budget setting process. This data, along with market conditions, helps determine appropriate service charge levels. Additionally, the Council collaborates with the Association of Public Service Excellence (APSE) to benchmark its service delivery efficiency against other public bodies. At the end of each year, the Council submits its service delivery data to APSE, which then issues benchmarking reports. These reports provide insights for the Council to reflect on and improve its service delivery.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

Partnerships

The Council actively collaborates with partners in the development of organisational and system-wide plans, fostering a spirit of cooperation and shared ownership. A noteworthy example is the partnership with registered housing providers, which facilitated the successful co-development of the Council's housing strategy. Through this strategy, housing associations have delivered needs-led accommodation tailored to their communities, from planning to completion on various projects, including bespoke housing for older people and individuals with learning difficulties.

Moreover, the Council's performance management framework is aligned with its transformation agenda and continuous improvement programs, ensuring regular monitoring and reporting of key performance indicators, including those related to partnership work.

The Council is also a member of the Central Lincolnshire Joint Strategic Planning Committee, which aims to establish a strategic vision for western Lincolnshire and adopt a unified approach to the promotion and growth of the wider Lincoln region. Additionally, the Council is a key partner in the Greater Lincolnshire Local Enterprise Partnership, which seeks to boost productivity by supporting local businesses in creating jobs.

Outsourced services

The Council did not engage in any significant outsourced contracts for its services during the 2024/25 fiscal year.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with Improving economy, efficiency and effectiveness.

Performance improvement observations

The performance improvement observations raised as a result of our risk assessment procedures are included below:

Priority rating for observations			
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.		

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
1	3	<p>Outdated code of conduct and related policies</p> <p>During our review, we have noted that the Code of Conduct and other related policies are outdated and have not been subject to recent review. Specifically, the Code of Conduct was last reviewed in 2020, the Disciplinary Rules Guidance in 2017, the Disciplinary Procedure in 2019, and the 'Prevention of Financial Crime Policy, Anti-Fraud and Corruption Policy, and an Anti-Bribery Policy' in 2019, despite these policies being scheduled for review every two years.</p> <p>Impact</p> <p>Outdated policies may lead to non-compliance with current standards, increased risk of unethical behaviour, and potential legal and reputational consequences.</p> <p>Recommendation</p> <p>Conduct a comprehensive review and update of the Code of Conduct and related policies on timely basis, to ensure they remain current and aligned with best practices and legal requirements.</p>	<p>The Council is due to review and update the Code of Conduct and related policies which will be approved by the end of the financial year. The Council has recently updated its Counter Fraud, Corruption and Bribery Policy which was approved by Corporate Policy and Resources Committee on 24th July 2025. An Anti-Money Laundering and Financial Crime Policy is currently being drafted which it is hoped will be approved later this year.</p>

Performance improvement observations – follow up from prior year

The following observations were raised in the prior year:

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Update as of September 2025
2	2	<p>Saving plans</p> <p>The Council should consider the appropriateness of its arrangements regarding the identification and development of savings plans and monitoring of progress on savings initiatives in the context of the level of future savings.</p> <p>Impact</p> <p>The absence of structured savings plans poses a significant challenge for the future. This concern becomes more pronounced from the fiscal year 2026/27 onwards, as the General Fund reserve will be insufficient to bridge funding gaps.</p> <p>Recommendation</p> <p>We recommend that the Council establish a formal process for identifying and developing savings plans, monitoring their progress, and taking corrective actions as needed. This will ensure financial stability and preparedness for future fiscal challenges.</p>	<p>The Council does not currently have a savings programme. Whilst the Council's medium term financial plan, which was approved in March 2025, does have funding gaps for 2026/27 onwards, it is not clear at this point whether these will be realised. This is due to major upcoming changes in government funding and business rates income. The government is currently consulting on a change to Council funding methodology and anticipating implementing a business rates reset, both of which will affect funding levels for 2026/27 onwards. When the funding that the Council will receive is known, which it is hoped will be in November/December, then the scale of any funding shortfalls will be known.</p> <p>Linked to this is the announcement by government of local government re-organisation in two-tier areas which includes Lincolnshire. This will potentially mean West Lindsey District Council in its current form will not exist after 1st April 2028 as it will be within a newly created authority. Whilst this is still at an early stage this will have a large number of impacts on the Council's operating model, not least whether or not funds will be needed to implement the new authority. With these high-level uncertainties, the Council would not be looking to implement a savings programme until more is known. Service managers do routinely review their service areas and are always looking at how they might operate their service more efficiently and effectively through a process of self-review. The Council has formally agreed to setup a savings board and this will come into operation if and when it is identified that savings are required to balance the medium-term financial plan.</p>	<p>We have observed that the Council does not have a formalised process for identifying and developing savings plans, monitoring the progress of savings initiatives, and taking corrective actions when necessary. Consequently, this recommendation has not been implemented.</p> <p>Status: Not implemented</p>

Performance improvement observations – follow up from prior year (Cont.)

The following observations were raised in the prior year:

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Update as of September 2025
3	3	<p>Risk management strategy</p> <p>During our review, we have noticed that the Council's Risk Management Strategy has not been updated for latest period. The Council's previous strategy was for the period 2019-23 and it has not been revised since the end of the period.</p> <p>Impact</p> <p>The outdated Risk Management Strategy may lead to inadequate risk identification and mitigation, potentially exposing the Council to unforeseen risks and challenges.</p> <p>Recommendation</p> <p>We recommend that the Council promptly update its Risk Management Strategy to ensure it reflects current best practices and addresses emerging risks effectively.</p>	<p>The latest Risk Management Strategy was approved by Governance and Audit Committee on 22nd April 2025.</p>	<p>We have reviewed the recent Risk Management Strategy, which was approved subsequent to the year-end. Consequently, we have determined that this observation has been implemented.</p> <p>Status: Implemented</p>

Performance improvement observations – follow up from prior year (Cont.)

The following observations were raised in the prior year:

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Update as of September 2025
4	3	<p>Contract exceptions</p> <p>During our review, we have noticed that the Council's record of contract exceptions is not a robust document which records the value of the contract, reason for exception and the approval process followed.</p> <p>Impact</p> <p>The lack of comprehensive documentation for contract exceptions may lead to reduced transparency and potential non-compliance with procurement rules.</p> <p>Recommendation</p> <p>We recommend that the Council formalise the documentation of contract exceptions to ensure greater transparency and adherence to procurement regulations.</p>	<p>Procurement Exemptions are signed off by the S151 officer up to a value of £75,000 over this value and under £214,000 they go to Management Team for approval and above £214,000 they go to committee for approval. Exemptions are then collated in a spreadsheet and loaded onto the Pro Contract software with a copy of the final contract once signed. All exemptions are reported to Governance and Audit committee on a periodic basis, the last report was for exemptions from 1st April to 30th September which went to Governance and Audit Committee on 21st January 2025.</p>	<p>We have observed that the Council has not revised the design or enhanced the level of documentation for contract exceptions. Consequently, this recommendation remains unimplemented.</p> <p>Status: Not implemented</p>



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